

ARIZONA STATE BOARD OF ACCOUNTANCY

OPEN SESSION MINUTES

January 9, 2006

Members of the Arizona State Board of Accountancy held a meeting at 8:18 a.m. on Monday, January 9, 2006, at the Accountancy Board Office in Suite 165, 100 N. 15th Avenue, Phoenix, Arizona. An Executive Session was held, from 8:44 a.m. to 10:02 a.m., from 10:13 a.m. to 10:34 a.m. and from 10:41 a.m. to 10:59 a.m.

BOARD MEMBERS:

Donald R. Bays, CPA	President
Earl R. Shivers, CPA	Treasurer
Marianne E. DeVries, CPA	Secretary
Frank J. Brady, CPA	Member
Samuel L. Fogleman, CPA	Member
* James E. May.	Member
☉ Patrick J. Ramirez	Member

☉ arrived at 8:24 a.m.

* absent

OTHERS PRESENT:

Valerie M. Elliott.....	Executive Director
Jim Dubé	Deputy Director
Seth T. Hargraves, Esq.	Assistant Attorney General
☉ H. Leslie Hall, Esq.	Assistant Attorney General
Ryan P. Edmonson.....	Programs & Projects Specialist II
Jan Kinman.....	Administrative Secretary II

☉ arrived at 8:36 a.m.

GUESTS PARTICIPATING:

Christine Cassetta, Esq.	Assistant Attorney General, Solicitor General Office
John C. Todd, II, CPA.....	Member of the Accounting & Auditing Committee
Seymour E. Coleman, CPA	Registrant
Erin Castelhana	Applicant
Tiffany E. Lucero, Esq	Attorney
Charlotte Hargreaves.....	Arizona Society for Practicing Accountants
Hayden Williams, CPA.....	ASCPA, Director of Finance and Administration

OPEN SESSION

January 9, 2006

Page 2

The meeting was called to order at 8:18 a.m. by Donald R. Bays, President. The following order of business was then considered:

OPEN SESSION

CALL TO THE PUBLIC

No one from the public wished to address the Board.

MINUTES

November 21, 2005 Board Meeting

A motion was made by Frank J. Brady, seconded by Marianne E. DeVries and passed to approve the Open Session Minutes from the November 21, 2005 Board meeting.

December 5, 2005 Board Meeting

A motion was made by Marianne E. DeVries, seconded by Samuel L. Fogleman and passed to approve the Open Session Minutes from the December 5, 2005 Board meeting.

A motion was made by Samuel L. Fogleman, seconded by Marianne E. DeVries and passed to approve the Executive Session Minutes from the December 5, 2005 Board meeting.

November 21, 2005

A motion was made by Marianne E. DeVries, seconded by Samuel L. Fogleman and passed to approve the Executive Session Minutes from the November 21, 2005 Board meeting.

DECLARATION OF CONFLICTS OF INTEREST

Samuel L. Fogleman declared conflicts on File Nos. 2006.045 and 2006.046

EXECUTIVE DIRECTOR'S REPORT

Valerie M. Elliott, Executive Director, updated the Board on the budget, performance measurements and the agency operations.

PRESIDENT'S REPORT

Donald R. Bays, Board President gave an update to the Board regarding the 4th Annual Accounting and Reporting Standards Conference at the Arizona Society of Certified Public Accountants at which he was a speaker.

A motion was made by Marianne E. DeVries, seconded by Frank J. Brady and passed to go into Executive Session at 8:44 a.m. to seek legal advice and review confidential material pursuant to A.R.S. § 38-431.03(A)(2)(3) and (4).

OPEN SESSION

January 9, 2006

Page 3

After consideration in Executive Session, the Board reconvened in Open Session at 10:02 a.m.

The Board took a ten minute break.

A motion was made by Marianne E. DeVries, seconded by Samuel L. Fogleman and passed to go into Executive Session at 10:13 a.m. to seek legal advice and review confidential material pursuant to A.R.S. § 38-431.03(A)(2)(3) and (4).

After consideration in Executive Session, the Board reconvened in Open Session at 10:34 a.m.

COMMITTEE RECOMMENDATIONS – COMPLAINT/INITIAL ANALYSIS FILES

File No. 2004.041

A motion was made by Earl R. Shivers, seconded by Frank J. Brady and passed to accept the Accounting and Auditing Standards Committee's recommendation to open an investigation file.

Marianne E. DeVries declared a conflict and did not vote.

File No. 2006.001

A motion was made by Marianne E. DeVries, seconded by Frank J. Brady and passed to accept the Tax Practice Committee's recommendation to open an investigation file.

File No. 2006.005

A motion was made by Marianne E. DeVries, seconded by Frank J. Brady and passed to accept the Accounting and Auditing Standards Committee's recommendation to close the complaint file.

File No. 2006.008

A motion was made by Marianne E. DeVries, seconded by Frank J. Brady and passed to accept the Tax Practice Committee's recommendation to open an investigation file.

File No. 2006.009

A motion was made by Marianne E. DeVries, seconded by Frank J. Brady and passed to accept the Tax Practice Committee's recommendation to open an investigation file.

File No. 2006.019

A motion was made by Marianne E. DeVries, seconded by Frank J. Brady and passed to accept the Tax Practice Committee's recommendation to open an investigation file and offer a Decision and Order (by Consent) for revocation and, if not accepted, within 30 days to file a Complaint and Notice of Hearing and to combine it with the registrant's file no. 2004.003.

File No. 2006.024

A motion was made by Marianne E. DeVries, seconded by Frank J. Brady and passed to accept the Tax Practice Committee's recommendation to close the complaint file.

File No. 2006.025

A motion was made by Marianne E. DeVries, seconded by Frank J. Brady and passed to accept the Accounting and Auditing Standards Committee's recommendation to close the complaint file.

File No. 2006.037

A motion was made by Marianne E. DeVries, seconded by Frank J. Brady and passed to accept the Tax Practice Committee's recommendation to close the complaint file.

File No. 2006.044

A motion was made by Marianne E. DeVries, seconded by Frank J. Brady and passed to accept the Accounting and Auditing Standards Committee's recommendation to close the complaint file.

COMMITTEE RECOMMENDATIONS – INVESTIGATION FILES

File No. 2005.070

A motion was made by Marianne E. DeVries, seconded by Frank J. Brady and passed to accept the Tax Practice Committee's Recommendation to offer a Decision & Order (By Consent) to include 12 months probation, 16 hours of continuing professional education in the areas of Form 1041 preparation and Charitable Remainder Trusts, in addition to the statutory requirement and reimbursement of the Board's investigative costs.

File No. 2006.007

A motion was made by Marianne E. DeVries, seconded by Frank J. Brady and passed to offer a Decision & Order (By Consent) to include 12 months probation, 8 hours of continuing professional education in the area of ethics, in addition to the statutory requirement and an administrative civil penalty of \$500.00 to be paid within 12 months.

File No. 2005.052

A motion was made by Marianne E. DeVries, seconded by Frank J. Brady and passed to direct Seth T. Hargraves, Assistant Attorney General to write a letter to the complainant explaining the Board's limitations and the statutes in which the Board regulates.

NOTICE OF UNLAWFUL USE OF THE CPA DESTINATION

File No. 2006.022

A motion was made by Marianne E. DeVries, seconded by Frank J. Brady and passed to accept the response and close the file.

A motion was made by Marianne E. DeVries, seconded by Frank J. Brady and passed to go into Executive Session at 10:41 a.m. to seek legal advice and review confidential material pursuant to A.R.S. § 38-431.03(A)(2)(3) and (4).

After consideration in Executive Session, the Board reconvened in Open Session at 10:59 a.m.

ITEMS FOR BOARD REVIEW, DISCUSSION AND LEGAL ACTION

Recommended Decision of Administrative Law Judge

File No. 2006.034; Castelhana, Erin

Christine Cassetta, Assistant Attorney General, from the Solicitor General's Office was present to provide legal advice to the Board. Erin Castelhana and Tiffany Lucero, Attorney for the applicant, were also present. After introductions, Donald R. Bays, President described how the matter would be conducted and the time limits for both parties.

Ms. Lucero stated that the Administrative Law Judge's decision was consistent with what her client was seeking.

Seth T. Hargraves, Assistant Attorney General stated that the State had nothing to add at this time.

A motion was made by Frank J. Brady, seconded by Marianne E. DeVries and passed to accept the Administrative Law Judge's Findings of Fact.

A motion was made by Frank J. Brady, seconded by Marianne E. DeVries and passed to accept the Administrative Law Judge's Conclusions of Law.

Earl R. Shivers voted against the motion.

A motion was made by Frank J. Brady, seconded by Marianne E. DeVries and passed to accept the Administrative Law Judge's recommended decision granting Ms. Castelhana a certified public accounting certificate.

Earl R. Shivers voted against the motion.

Respondents Motion for Rehearing or Review

File No. 2000.044; Coopers & Lybrand, LLP/PricewaterhouseCoopers

File No. 2000.026; Marrie, Michael

File No. 2000.027; Berry, Brian

Christine Cassetta, Assistant Attorney General, from the Solicitor General's Office was present to provide legal advice to the Board. Ms. Cassetta stated that the respondents

sent the Board a Reply to the State's Response to the Respondents Motion for a Rehearing or Review and that the Reply is not within the Board's statutes.

A motion was made by Marianne E. DeVries, seconded Earl R. Shivers and passed to decline reviewing the respondent's Reply.

Frank J. Brady declared a conflict and did not vote.

Donald R. Bays, Board President declared his disagreement with certain comments made in the Respondents Motion for a Rehearing or Review (Respondents Motion). He made the following statements for the record:

Mr. Bays stated that he and the Board are fully aware of the Board statutes, their jurisdiction and the open meeting laws. Mr. Bays referred to page 7, line 21, continuing to page 8, line 4 of the Respondents Motion as a being a false accusation and denied the accusation as ever happening. Mr. Bays also took exception to page 8, line 8, continuing to line 16 of the Respondents Motion, and stated that it was also an incorrect assessment of the Board's review of the Administrative Law Judge's (ALJ) decision. Mr. Bays stated that the Board never has and never will attack ALJ Tully's level of competence, and that the Board reviews all facts, as does the ALJ, but the Board has the final decision. Mr. Bays emphasized that the Board has often accepted ALJ Tully's Findings of Fact, Conclusions of Law and recommended Decisions with no changes made or only minor changes made.

Mr. Bays then referred to page 15, line 14 & 15, and specifically footnote 17 of the Respondents motion and vehemently disagreed with the respondent's claim that no one on the Board has any expertise regarding the audit of a high tech public company. Mr. Bays provided a statement regarding his own credentials and the extensive experience he has regarding audits of public and high tech public companies.

A motion was made by Marianne E. DeVries, seconded by Patrick J. Ramirez and passed by a show of hands, 5-0 to deny the Respondents' Motion for Rehearing or Review.

Frank J. Brady declared a conflict and did not vote.

Recommended Decision of Administrative Law Judge

File No. 2005.079; Bails, E.C.

Christine Cassetta, Assistant Attorney General, from the Solicitor General's Office was present to provide legal advice to the Board. Earl R. Shivers, Treasurer described how the matter would be conducted and the time limits for both parties.

Neither Mr. Bails, nor an attorney on his behalf, were present to provide a statement.

Seth T. Hargraves, Assistant Attorney General had nothing to add to the Administrative Law Judge's recommended decision.

A motion was made by Marianne E. DeVries, seconded by Samuel L. Fogleman and passed to accept the Administrative Law Judge's Findings of Fact.

Donald R. Bays declared a conflict and did not vote.

A motion was made by Marianne E. DeVries, seconded by Samuel L. Fogleman and passed to accept the Administrative Law Judge's Conclusions of Law.

Donald R. Bays declared a conflict and did not vote.

A motion was made by Marianne E. DeVries, seconded by Samuel L. Fogleman and passed to accept the Administrative Law Judge's recommended decision revoking Mr. Bails' certificate and firm registration.

Donald R. Bays declared a conflict and did not vote.

Termination of Decision & Order (By Consent)

2006.042; Scotney, Thomas, CPA

A motion was made by Frank J. Brady, seconded by Marianne E. DeVries and passed to terminate the Consent Order and close the file.

2001.014; Alba, Gregory A., CPA

A motion was made by Frank J. Brady, seconded by Marianne E. DeVries and passed to terminate the Consent Order and close the file.

Review Status of Firm Compliance with Requirements for Firm Registration

Coleman & Company, PLLC 2370-L

A motion was made by Earl R. Shivers, seconded by Frank J. Brady and passed to defer action.

Seymour E. Coleman was present and stated that his intentions have never been to mislead the public and that he and his partner are trying to cooperate with the Board's regulations. He did admit that his partner may have procrastinated in his attempt to be certified in the State of Arizona.

Recommendation of Peer Review Oversight Advisory Committee to issue an Administrative Letter of Concern

Stamler, Louis, CPA 4652-S

A motion was made by Frank J. Brady, seconded by Samuel L. Fogleman and passed to accept the Peer Review Oversight Advisory Committee's recommendation to issue an Administrative Letter of Concern.

Law Review Advisory Committee Recommendation

A motion was made by Frank J. Brady, seconded by Earl R. Shivers and passed to reject the Law Review Advisory Committee's recommendation to make revisions to ARS § 43-381.

Issues from and regarding the National Association of State Boards of Accountancy (NASBA)

Nominations to the Board of Examiners

The Board did not wish to nominate anyone to the Board of Examiners

Proposed Fee Increase for Uniform CPA Examination

A motion was made Marianne E. DeVries, seconded by Frank J. Brady and passed to direct Seth T. Hargraves, Assistant Attorney General to write a letter to NASBA regarding the Board's contract and the proposed fee increase.

Request to send correspondence to candidates

A motion was made by Marianne E. DeVries, seconded by Earl R. Shivers and passed to direct Valerie M. Elliott, Executive Director to write a letter to NASBA denying their request to send correspondence to Arizona candidates.

Request for a CPE Waiver and Fee Waiver – ARS § 32-730(C) & (D)

Steven F. Miller 1304-E

Sara A. Dotson 8554-E

Constance R. Easter 11943-R

A motion was made by Frank J. Brady, seconded by Marianne E. DeVries and passed to grant the CPE and Fee Waivers.

Request for a Partial or Complete CPE Exemption from CPE Requirements – ARS § 32-730(D)

Katherine K. Fry 7552-E

A motion was made by Frank J. Brady, seconded by Patrick J. Ramirez and passed to deny the request for a partial or complete CPE exemption from CPE requirements and grant a 6 month extension to complete the CPE requirements.

Request for Inactive Status – ARS § 32-730

Barbara Weinmeister 9970-E

A motion was made by Samuel L. Fogleman, seconded by Patrick J. Ramirez and passed to approve the request for inactive status.

Joseph Thomas McKenzie 6358-E

A motion was made by Samuel L. Fogleman, seconded by Frank J. Brady and passed to deny the request for inactive status and to grant a 6 month extension to complete the CPE requirements.

Kristy L. Doty 9232-E

A motion was made by Frank J. Brady, seconded by Marianne E. DeVries and passed to approve the request for inactive status.

Request Extension of NTS Date for Exam Candidate – A.A.C. R4-1-229(D)

Gargi Panchal

A motion was made by Frank J. Brady, seconded by Earl R. Shivers and passed to grant an extension until the end of the third window of 2006 or August 31, 2006.

Cost Recovery

John C. Todd, II, CPA, member of the Accounting and Auditing Committee (Committee) was present to discuss Committee recommendations seeking full cost recovery. Mr. Todd and the Board discussed exceptions like an inexperienced investigator. They also discussed seeking full Board investigative costs, but possibly negotiating administrative penalties. Mr. Todd thanked the Board for their time and for listening to the Committee's concerns and left the room.

Duplicate Courses

The Board stated that the Certification Committee has very competent academia professionals serving on the Committee who are more qualified than the Board to determine whether courses are duplicative within the undergraduate or graduate level. However, the Board also noted that courses with similar titles could actually have different content at the undergraduate level versus the graduate level, and therefore may not be duplicative.

CONSENT AGENDA

(The Board may pull any of the following items off the consent agenda and take individual action) Board discussion and legal action on the following items:

A motion was made by Frank J. Brady, and seconded by Patrick J. Ramirez and passed to accept the following consent agenda:

- a. Recommended for Registration of Professional Corporation for the following Applicants - (Meets the requirements of A.R.S. § 32-734):

Stacy A. Schneider, CPA, PC
Shareholder: Stacy A. Schneider 4598-E

CPA Mom of Arizona, PC
Shareholder: Lee Ann Cannon 9980-E

David Hansen, CPA, PC
Shareholder: David Hansen 13142-E

Susan P. Ranft, CPA, PC
Shareholder: Susan P. Ranft 13932-R

OPEN SESSION

January 9, 2006

Page 10

ShelDonald Consulting Network, PC
Shareholder: Jack L. ShelDonald, Jr 10059-E

Lin Chai Rawlinson, CPA, PC
Shareholder: Lin Chai Rawlinson 12614-E

RGL Forensic Accountants & Consultants PC
Shareholder: Joe Epps 11147-R
Tim D. Tribe 11097-E

- b. Recommended for Registration of LLC/PLLC/LLP's for the following Applicants - (Meets the requirements of A.R.S. § 32-735):

Murphy & Rogers, PLC
Shareholders: Thomas P. Murphy 5196-E
Stephen B. Rogers 8410-R

Cheryl S. Thompson Accounting
Shareholder: Cheryl S. Thompson 9002-E

PC Professionals, LLC
Shareholder: Eric E. Button 8374-E

Pro Books Accounting, LLC
Shareholder: Melissa A. Jackson 13903-E

Colleen Carr, CPA, LLC
Shareholder: Colleen Carr 3581-E

Robert's Accounting & Tax Service, LLC
Shareholder: Robert M. Lukey 13939-E

Gallacher, Bosen & Goodman, PLLC
Shareholder: Michael R. Gallacher 3220-E
Michael T. Bosen 13503-E
Marcos C. Goodman 13509-E

- c. Recommended for Firm Name Change:

DeGroote CPA, PC
Kevin J. DeGroote, Sr, PC 733-C
Shareholder:
Kevin J. DeGroote, Sr. 4242-E

Johnson & Bull, CPA's, PLLC
Johnson & Bull, CPA's, LLP 2716-B
Shareholders:
Allen L. Johnson 6921-R
Steven P. Johnson 13682-E
BranDonald Bull 13358-E

Mauldin & Hays, CPA's
Mauldin & Hays, CPA's PLLC
Shareholders:
Duane A. Mauldin 5882-E
Cynthia Hays 13817-R

- d. Requests for Firm Cancellation - Do not wish to renew:

JTH, LLC	1116-L	Schwartz, Cohen & Company, PC	326-C
Shareholder: Kent Veldhuizen	7374-E	Shareholder: George M. Cohen	2064-E

OPEN SESSION

January 9, 2006

Page 11

Romanchuk Dwaileebe, PLLC 2608-L
Shareholder: Bradley P. Romanchuk 12513-E

e. Recommended for Cancellation of Certificate per registrant's request not to renew:

Lidia Hernandez Allen	8941-R	Frederick Dean Niswander	3136-E
Alicia J. Brown	7813-E	Gary C. Stettner	12573-R
Jeffrey M. Smith	11261-E		

f. Recommended for Reissuance of Certificate because of Name Change:

Michelle Wells (Fornoff)	10938-E	Laura E. French (Johnson)	12725-E
Maggie Walker (Maggie Lorraine Walker)	13920-E	Shari Lee Andrews (McPherran)	5269-E

g. Recommended for Reactivation of Certificate from Inactive Status - A.R.S. §32-730(E):

Julie M. Borchardt	8627-E	Becky Hall	9473-E
Alyssa Ann Tattrie	6614-E	Jacques C. Lazard	2451-E
Mark J. Olson	3173-E		

h. Recommendation of the Peer Review Advisory Committee for approval on the following firms in compliance - R4-1-454:

Opstad, Laura L., CPA, PC	Coleman & Company, PLLC
Gallacher, Michael R., CPA, PC	Anderson, Church & Co.
Busby Sanford Brady, CPAs PLLC	Arana & Cordova, PC
Lavoie & Co., PC	McGrath, Charles W., Jr., CPA, PC
Roberts & Associates, PLLC	

SUMMARY OF CURRENT EVENTS

DISCUSSION OF ITEMS TO BE PLACED ON FUTURE MEETING AGENDA

The Board discussed placing the topic of a U.S. Accountancy database on a future meeting agenda.

ADJOURNMENT

There being no further business, a motion was made by Marianne E. DeVries, seconded by Patrick J. Ramirez and passed to adjourn at 12:51 p.m.

OPEN SESSION

January 9, 2006

Page 12

Donald R. Bays, CPA, President

Earl R. Shivers, CPA, Treasurer

Marianne E. DeVries, CPA, Secretary

Frank J. Brady, CPA Member

Samuel L. Fogleman, CPA Member

Patrick J. Ramirez, Board Member